

Center for Renewable Energy Research and Environmental Stewardship
February 21, 2012 Meeting Minutes
Capitol Annex

Present: Cliff Ashburner, Dr. Don Colliver, Erik Dunnigan, Kelley Kline, Cam Metcalf, Dr. Len Peters, Ken Seibert, Dr. Mickey Wilhelm

Also present: Bob Amato, DEDI; John Davies, DEDI; Greg Guess, DEDI; John Lyons, DAQ; Kate Shanks, DEDI; Dr. Mahendra Sunkara, Conn Center; Art Williams; Karen Wilson, EEC

Certification of Open Meeting

Media was notified 2/17/2012

Approval of Minutes

Dr. Len Peters

November 21, 2011 minutes were unanimously approved.

Discussion of Power Purchase Agreement Discussion Paper

Cliff Ashburner led a discussion of the PPA paper which was distributed to the board prior to the meeting. The paper described the challenges and opportunities in Kentucky regarding power purchase agreements and lease arrangements between an owner/developer and an end user of electricity. Erik Dunnigan discussed the Cabinet for Economic Development's new strategic plan and the sustainability component in the plan. Mr. Dunnigan thought PPAs and lease arrangements would fit it with what they are trying to accomplish. John Davies suggested the board request a staff opinion from the Public Service Commission regarding the legality of PPAs in Kentucky. DEDI staff will draft the request.

Discussion of PACE program

Cliff Ashburner led a discussion of PACE (Property Assessed Clean Energy) Programs and their relevance in Kentucky. PACE programs allow a homeowner to borrow money from a local government, bond-funded program to make energy efficiency improvements. The loan stays with the property and is paid back as property taxes are paid. Several states and local governments have initiated these programs, but the Federal Housing Finance Agency has stymied the programs by refusing to underwrite mortgages for homes with PACE loans. The agency's concern is that the programs currently provide for PACE loans to be repaid first if a property owner defaults on their mortgage. The agency won't accept a subordinate status. PACE programs would complement Kentucky's Home Performance with Energy STAR program as a funding mechanism. The Federal Housing Finance Agency is working to overcome their concerns regarding the senior lien status of PACE loans. For now there doesn't seem to be a role for CRERES to take, but an update of the status of PACE programs will be provided at the next meeting.

Mr. Ashburner asked if there was an effort underway to fund Home Performance with Energy STAR once the initial ARRA funds are utilized. DEDI staff responded that there is an effort to use equity lines at private banks along with the expertise of the Home Performance contractors.

It was noted that PACE loans may be better for more expensive home improvements when the homeowner plans to stay in the home longer.

Dr. Wilhelm asked how big the demand is for PACE and similar programs. DEDI staff responded that there is demand for the program and other similar programs but electricity prices may still be too low to motivate homeowners. Mr. Seibert commented that the public needs to be educated that efficiency improvements are an investment. He plans to provide board members with information about the Energize Delaware program.

Legislative Update and Technical Assistance

Kate Shanks summarized several pieces of legislation that had been filed by the legislature. The bills related to energy. Kate also discussed technical assistance being requested of DOE. DEDI has asked DOE to provide a summary of Kentucky's economically feasible renewable energy potential which could be potentially used to develop renewable energy policy. DEDI has also asked the DOE-funded Clean Energy Application Center to provide a policy brief on combined heat and power in Kentucky. Finally, Kentucky is in discussion with the Center for a New Energy Economy to provide some consulting services regarding clean energy policy. The Center is led by former Colorado governor, Bill Ritter, Jr.

Kentucky Climate Action Plan Update

EEC staff (Kate Shanks, Bob Amato, John Lyons and Greg Guess) provided a summary of the various parts of the Climate Action Plan.

Dr. Wilhelm asked what the next steps are for the plan.

Dr. Peters responded: There are several policy options in the plan. Several have already been implemented. We were not ready in 2012 for legislative action and it is unclear what opportunities will exist in 2013 or 2014. Over the next year we will be discussing the plan with others and allowing people to critique it. There are very difficult choices for us to make if GHG reductions come back into discussion at the national level. Based on the GHG reductions discussed in 08-09, Kentucky couldn't get there without major changes. Carbon capture and storage on a large scale is still very uncertain. We must look at low carbon baseload capacity in a manufacturing economy if GHG reductions are imposed. Dr. Peters doesn't believe climate change discussions have ended permanently.

Mr. Metcalf noted that North Carolina has an advantage in the southeast because they have an REPS. He wanted to know what the chances are for Kentucky to adopt an REPS.

Dr. Peters responded: The North Carolina REPS was enacted about 5 years ago, and it centered on biomass. We can push renewables but we can't get all the way to where we need to be with renewables and an increase in price will reduce manufacturing jobs. The current REPS bill supported by Rep. Marzian is not politically palatable. A study of the bill relies on importing wind power to meet the mandate and doesn't quantify manufacturing job loss. Also a solar carve out may not be best for Kentucky. Dr. Peters is hopeful the PSC broadens its decision on evaluating fair, just and reasonable

rates. Further natural gas prices are confusing the entire energy market, and a REPS in 2013 is unlikely unless GHG discussion picks up at the national level.

Conn Center Update

Dr. Sunkara provided an update of the Conn Center's activities including the Solar Decathlon competition for 2013. A team comprised of students from UofL, UK and Ball State will be competing together at the competition in California. The team is fundraising and completing the house design. Dr. Sunkara also discussed funded and proposed research projects.